

State of California

Franchise Tax Board-Legislative Services Bureau
PO Box 1468
Sacramento, CA 95812-1468

Telephone: (916) 845-4326
ATSS: 468-4326
FAX: (916) 845-5472

Legislative Change No.

04-24

Bill Number: SB 1162

Author: Machado

Chapter Number: 04-546

Laws Affecting Franchise Tax Board: Revenue and Taxation Code Sections 18705, 18706, 18707, 18708, and 18709

Date Filed with the Secretary of the State: September 16, 2004

SUBJECT: California Military Family Relief Fund

Senate Bill 1162 (Machado), as enacted on September 16, 2004, made the following changes to California law:

Section 18705 of the Revenue and Taxation Code is added.

This act allows taxpayers to designate their own money, not tax liability, to the California Military Family Relief Fund ("fund"). The contributions will be made in full dollar amounts. Each signatory on a joint return may make the contributions individually. The designations for any taxable year must be made on the initial return for the taxable year and, once made, are irrevocable. If an individual designates to more than one fund and an insufficient amount is available to satisfy the total amount designated, the contribution will be allocated among the designees on a pro rata basis. A deduction will be allowed for any contribution made.

This act requires the Franchise Tax Board (FTB) to include a designation space for the fund on the individual tax return.

This act specifies that the California Military Family Relief Fund designation may not be added to the income tax return until another voluntary contribution designation is removed.

Section 18706 of the Revenue and Taxation Code is added.

This act establishes the California Military Family Relief Fund in the State Treasury to receive contributions made pursuant to this act.

This act requires FTB to notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money taxpayers have designated to the fund.

The Controller is required to transfer from the Personal Income Tax Fund to the fund an amount not in excess of the amounts reported by FTB.

Bureau Director

Jana Howard for Brian Putler

Date

10/14/04

Section 18707 of the Revenue and Taxation Code is added.

This act requires that all money transferred to the fund be allocated, upon appropriation by the Legislature, first to FTB and the Controller for reimbursement of costs incurred performing their duties related to the fund. The remaining money is then allocated to the Military Department to establish financial aid grants to members of the California National Guard who have been called to active duty.

Section 18708 of the Revenue and Taxation Code is added.

This act makes declarations that 1) the deployment of California's National Guard averages a year or more due to the extended war in Iraq, 2) private companies do not generally offset the employee's loss of wages while deployed resulting in military families losing up to 70% of their household income, and 3) the Legislature intends to establish this fund to grant relief aid to California residents who are members of the California National Guard and have been called to active duty.

Section 18709 of the Revenue and Taxation Code is added.

This act specifies that the provisions authorizing the fund shall remain in effect until January 1 of the fifth taxable year following the first appearance of the California Military Family Relief Fund on the return. As of that date, the act would be repealed unless a later enacted statute, enacted prior to the applicable date, deletes or extends that date.

If FTB estimates in the second calendar year after the fund first appears on the return that contributions made to the fund on returns filed in that calendar year will be less than \$250,000 for the taxable year, or the adjusted amount for subsequent years, this article is repealed for taxable years beginning on or after January 1 of that calendar year. FTB is required to estimate the annual contribution amount by September 1 of each year using actual amounts contributed and an estimated contribution amount for the remainder of the year.

For each calendar year beginning with the third calendar year, the minimum estimated contribution amount for the calendar year is adjusted for inflation based on the figures for the percentage change in the California Consumer Price Index received on or before August 1st of the calendar year.

This act is effective January 1, 2005.

This act does not require any reports by the department to the Legislature.